

CALGARY, Nov. 2, 2016 /CNW/ - [Whitecap Resources Inc.](#) ("Whitecap" or the "Company") (TSX: WCP) is pleased to report its operating and unaudited financial results for the three and nine months ended September 30, 2016.

Selected financial and operating information is outlined below and should be read with Whitecap's unaudited interim consolidated financial statements and related Management's Discussion and Analysis ("MD&A") which are available at www.sedar.com and on our website at www.wcap.ca.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended September 30		Nine months ended September 30	
Financial (\$000s except per share amounts)	2016	2015	2016	2015
Petroleum and natural gas sales	178,498	155,238	426,157	474,055
Funds flow ⁽¹⁾	106,563	116,080	267,890	370,716
Basic (\$/share)	0.29	0.39	0.81	1.33
Diluted (\$/share)	0.29	0.38	0.81	1.31
Net income (loss)	6,350	(375,640)	(20,356)	(413,626)
Basic (\$/share)	0.02	(1.26)	(0.06)	(1.48)
Diluted (\$/share)	0.02	(1.26)	(0.06)	(1.48)
Dividends paid or declared	25,698	56,014	90,776	156,736
Per share	0.07	0.19	0.28	0.56
Total payout ratio (%) ⁽¹⁾	55	92	69	89
Development capital expenditures ⁽¹⁾	32,945	50,573	94,342	172,456
Property acquisitions	987	86,474	618,522	157,881
Property dispositions	(281)	(12,856)	(144,414)	(26,324)
Corporate acquisitions	-	-	-	579,906
Net debt outstanding ⁽¹⁾	821,731	842,234	821,731	842,234
Operating				
Average daily production				
Crude oil (bbls/d)	36,094	28,653	30,828	27,575
NGLs (bbls/d)	2,991	3,204	3,142	2,921
Natural gas (Mcf/d)	60,994	59,781	61,616	60,485
Total (boe/d)	49,251	41,821	44,239	40,577
Average realized price ⁽²⁾				
Crude oil (\$/bbl)	48.14	51.97	45.03	55.34
NGLs (\$/bbl)	17.47	11.52	15.13	15.21
Natural gas (\$/Mcf)	2.47	2.70	1.94	2.74
Total (\$/boe)	39.39	40.35	35.16	42.79
Netback (\$/boe)				
Petroleum and natural gas sales	39.39	40.35	35.16	42.79

Realized hedging gain	3.27	9.69	5.51	11.58
Royalties	(5.99)	(5.17)	(4.85)	(5.60)
Operating expenses	(9.12)	(9.53)	(9.29)	(9.91)
Transportation expenses	(0.76)	(1.50)	(0.84)	(1.57)
Operating netbacks ⁽¹⁾	26.79	33.84	25.69	37.29
General and administrative	(1.34)	(1.41)	(1.35)	(1.46)
Interest and financing	(1.93)	(2.27)	(2.23)	(2.38)
Cash netbacks ⁽¹⁾	23.52	30.16	22.11	33.45

Share information (000s)

Common shares outstanding, end of period	367,655	298,866	367,655	298,866
Weighted average basic shares outstanding	367,623	298,685	330,121	278,713
Weighted average diluted shares outstanding	370,227	302,344	332,452	281,914

Notes:

- (1) Funds flow, total payout
- (2) Prior, development capital, impact debt, hedging activities and cash netbacks do not have a standardized meaning under GAAP. Refer to non-GAAP measures in this press release.

MESSAGE TO OUR SHAREHOLDERS

Although 2016 has been an exceptionally volatile time for commodity prices, Whitecap continues to build operational momentum as our third quarter results have once again exceeded expectations with average production of 49,251 boe/d which is 751 boe/d higher than our initial forecast of 48,500 boe/d. In the third quarter we invested \$32.9 million in development capital drilling 21 wells with a 100% success rate. This level of expenditure was below our \$45 million forecasted development capital spending. We are currently executing on a very active fourth quarter capital program and anticipate investing \$81 million drilling 50 (44.0 net) horizontal oil wells including 22 (20.1 net) Viking wells, 8 (8.0 net) Cardium wells in West Pembina, 6 (5.0 net) wells in the Deep Basin of Alberta, 3 (2.9 net) Boundary Lake wells and 11 (8.0 net) wells on our recently acquired assets in southwest

Saskatchewan. Wet weather since the start of the fourth quarter has caused delays with our drilling program, however, we continue to forecast fourth quarter production to average 50,000 boe/d and increase our full year 2016 average production guidance to 45,700 boe/d from 45,300 boe/d on an unchanged development capital program of \$175 million. The development capital program is anticipated to be fully funded within funds flow and will assist in setting the stage for a very robust year of growth in 2017.

Operating and transportation costs of \$9.88/boe in the quarter were 19% lower than our forecasted \$12.25/boe which resulted in strong cash netbacks of \$23.52/boe in the quarter. The lower than anticipated operating and transportation costs were mainly due to prior period adjustments on acquired properties. Whitecap has been able to consistently reduce the cost structure on acquired assets but takes a more conservative approach to initial forecasts for the acquired assets. We are currently forecasting operating costs of \$11.25/boe and transportation costs of \$1.25/boe in Q4/2016.

The recent southwest Saskatchewan acquisition has been integrated for one full quarter and the team was able to increase production (prior to starting the drilling program) from 11,600 boe/d to the current 11,900 boe/d by focusing on optimizations and reactivations. As a result, operating costs have decreased to approximately \$16.00/boe from \$16.70/boe and we anticipate this to further decrease to \$15.00/boe in 2017 on the acquired assets.

Quarterly Highlights

- Achieved Company record average production of 49,251 boe/d in Q3/16, an increase of 22% or 6% per share compared to 40,388 boe/d in Q2/16.
- Funds flow in Q3/16 was \$106.6 million (\$0.29/share) compared to \$93.3 million (\$0.29/share) in Q2/16, an increase of 14%. The increase in funds flow was primarily driven by our recently acquired southwest Saskatchewan properties as average crude oil prices remained relatively flat at US\$44.94/bbl WTI compared to US\$45.59/bbl WTI in Q2/16.
- Controllable costs (operating, transportation, general and administrative, and interest expenses) decreased by 8% to \$13.15/boe compared to \$14.35/boe in Q2/16.
- Hedging gains of \$14.8 million contributed \$3.27/boe to strong cash netbacks for the quarter of \$23.52/boe. We continue to execute on our systematic and effective risk management program to mitigate price volatility and stabilize funds flow for development capital reinvestment and dividend payments. See note 5 of the Q3/16 financial statements for details on our hedge positions.
- Invested \$32.9 million in development capital expenditures drilling 21 (17.9 net) wells including 15 (12.4 net) Viking wells, 3 (3.0 net) Cardium wells, 1 (1.0 net) wells at Elnora and 2 (1.5 net) wells in southwest Saskatchewan, all with a 100% success rate.

We anticipate carrying the current operational momentum into 2017 and, therefore, have taken advantage of the current stronger pricing environment to hedge a portion of our production volumes to protect economic returns on capital deployed. We currently have 37% of our crude oil (net of royalties) hedged at approximately C\$62/bbl in 2017 and 16% hedged at C\$60/bbl in 2018.

Subsequent to the quarter end, Whitecap completed its semi-annual borrowing base review and was approved to increase our credit facility to \$1.2 billion from \$1.1 billion. Whitecap remains in a strong financial position with year end net debt of approximately \$820 million and Q4/16 net debt to funds flow of 1.9x and target further reducing to less than 1.5x in 2017. As a result, we have elected to maintain the credit facility at the current \$1.1 billion which provides us with approximately \$280 million of unutilized capacity at year end.

Over the past two years of significantly lower commodity prices, Whitecap made a conscious decision to limit our production per share growth to protect our balance sheet and to maximize shareholder returns over the long term as the cost of services were not aligned with the prevailing commodity price. When comparing to Q4/14 which was the last time period when the industry was active, Whitecap's average drilling costs are 36% lower and completion costs are 29% lower, primarily due to labour cost adjustments across the industry. These lower costs, combined with a 17% decrease in the Canadian dollar, now positions Whitecap to resume growing production per share and our dividend longer term, supported by significant free funds flow generation.

Our disciplined approach to acquiring high netback, low decline assets with a predictable production base has benefited us immensely over the past two years. This, combined with our highly economic inventory of 3,040 drilling locations which we continue to enhance, now provides us with an increased level of confidence to advance our three year rolling budget. On November 14, 2016, we look forward to providing detailed operational and financial guidance for the upcoming 2017 year along with our initial growth plans for 2018 and 2019.

About Whitecap

[Whitecap Resources Inc.](#) is an oil-weighted growth company that pays a monthly cash dividend to its shareholders. We are focused on profitable per share growth on our existing assets enhanced by opportunistic and accretive oil-based acquisitions. Whitecap's common shares are traded on the Toronto Stock Exchange under the symbol WCP. For further information about Whitecap please

visit our website at www.wcap.ca.

Note Regarding Forward-Looking Statements and Other Advisories

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, management focus, objectives, strategies, financial, operating and production results and business opportunities. Forward-looking information typically uses words such as "anticipate", "continue", "resume", "project", "believe", "expect", "forecast", "guidance", "planned", "target" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding our future production, drilling inventory, drilling plans, capital costs, our development capital program and our capital efficiencies, our hedging program and the benefits to be obtained therefrom; our funds flow; future operating costs; net debt; net debt to funds flow; production per share growth; our dividend; the ability to fund our capital program with our funds flow; ability to improve development capital efficiencies; future performance; business prospects, strategy and opportunities; the timing of our disclosure of 2017 guidance and future growth plans; industry conditions and commodity prices.

The forward-looking information is based on certain key expectations and assumptions made by our management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating and transportation costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of development capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted development capital expenditures in carrying out planned activities; the state of the economy and the exploration and production business; the availability and cost of financing, labour and services; the impact of increasing competition; ability to efficiently integrate assets and employees acquired through acquisitions, ability to market oil and natural gas successfully; our ability to access capital; and obtaining the necessary regulatory approvals.

Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Whitecap can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. These include, but are not limited to: the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or development capital expenditures; the uncertainty of estimates and projections relating to reserves, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; reliance on third parties and pipeline systems; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on our future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Whitecap's prospective operating costs, year end net debt to funds flow and Q4 and 2017 net debt, as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Whitecap's anticipated future business operations. Whitecap disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Drilling Locations

This press release discloses drilling inventory in three categories: (i) proved locations; (ii) probable locations and (iii) unbooked locations. Proved locations and probable locations are derived from McDaniel & Associates Consultants Ltd.'s reserves evaluation effective December 31, 2015 and mechanically updated to July 1, 2016 to account for drilling, acquisitions and divestitures and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the 3,040 total gross drilling locations identified herein, 1,260 are proved locations, 141 are probable locations and 1,639 are unbooked locations. Of the 660 gross drilling locations identified in southwest Saskatchewan, 137 are proved locations, 109 are probable locations and 414 are unbooked locations. There is no certainty that we will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs,

actual drilling results, additional reservoir information that is obtained and other factors. While some of the unbooked drilling locations have been de-risked by drilling in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

"Boe" means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Non-GAAP Measures

This press release includes non-GAAP measures as further described herein. These non-GAAP measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies.

"Funds flow" represents cash flow from operating activities adjusted for changes in non-cash working capital, transaction costs and settlement of decommissioning liabilities. Management considers funds flow and funds flow per share to be key measures as they demonstrate Whitecap's ability to generate the cash necessary to pay dividends, repay debt, fund settlement of decommissioning liabilities and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow provides a useful measure of Whitecap's ability to generate cash that is not subject to short-term movements in non-cash operating working capital.

The following table reconciles cash flow from operating activities (a GAAP measure) to funds flow (a non-GAAP measure):

	Three months ended		Nine months ended	
	September 30,		September 30,	
(\$000s)	2016	2015	2016	2015
Cash flow from operating activities	89,471	125,840	266,335	390,236
Changes in non-cash working capital	16,855	(10,146)	598	(20,595)
Settlement of decommissioning liabilities	237	376	607	761
Transaction costs	-	10	350	314
Funds flow	106,563	116,080	267,890	370,716
Cash dividends declared	25,698	56,014	90,776	156,736
Development capital expenditures	32,945	50,573	94,342	172,456
Total payout ratio (%)	55	92	69	89

"Cash netbacks" are determined by deducting cash general and administrative and interest expenses from operating netbacks.

"Development capital" represents expenditures on property, plant and equipment ("PP&E") excluding corporate and other assets.

The following table reconciles expenditures on PP&E (a GAAP measure) to development capital (a non-GAAP measure):

(\$000s)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Expenditures on PP&E	33,134	50,613	94,655	172,704
Expenditures on corporate and other assets	(189)	(40)	(313)	(248)
Development capital	32,945	50,573	94,342	172,456

"Free funds flow" is determined by deducting development capital and dividend payments from funds flow.

"Operating netbacks" are determined by deducting royalties, production expenses and transportation and selling expenses from oil and gas revenue. Operating netbacks are per boe measures used in operational and capital allocation decisions.

"Total payout ratio" is calculated as development capital plus cash dividends declared divided by funds flow.

"Net debt" is calculated as bank debt plus working capital deficiency adjusted for risk management contracts. Net debt is used by management to analyze the financial position and leverage of Whitecap.

The following table reconciles bank debt (a GAAP measure) to net debt (a non-GAAP measure):

(\$000s)	September 30, 2016	December 31, 2015
Bank debt	795,000	876,166
Current liabilities	145,178	165,922
Current assets	(96,422)	(149,338)
Risk management contracts (22,025)		47,037
Net debt	821,731	939,787

SOURCE [Whitecap Resources Inc.](#)

Contact

Grant Fagerheim, President & CEO or Thanh Kang, CFO, [Whitecap Resources Inc.](#), 3800, 525 - 8th Avenue SW, Calgary, AB T2P 1G1, Main Phone: (403) 266-0767, Website: www.wcap.ca